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STATE OF SOUTH CAROLINA
OFFICE OF THE
SECRETARY OF STATE

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Budget & Control Board
OFFICE OF STATE BUDGET



His Excellency, The Governor, and
Members of the General Assembly of the
State of South Carolina

Enclosed please find three printed copies and a 3.5" diskette containing the *Annual Accountability Report* for fiscal year 1998-99 for the Office of the Secretary of State.

As set forth by the South Carolina Code of Laws, the Secretary of State is responsible for the statewide registration of corporations, Uniform Commercial Code interests, business opportunities, employment agencies, trademarks, and notaries. The office handles the incorporation of municipalities and special purpose districts, the annexations of land, and the escheatment of real property in South Carolina. The Secretary of State is also the administrator and regulator of all charitable laws of this State and handles the publication of positions within certain statewide boards and commission.

Fiscal Year 1998-99 brought some new programs to the Office of the Secretary of State. SOS EXPRESS, an expedited service desk, opened in the lobby of the Edgar Brown building to offer our customers quick and convenient assistance with all business filing needs. In addition, July 1998 saw the return of the Charities Division to the Secretary of State's office.

Since the Secretary of State is an elected official, the Office must answer directly to the people of South Carolina. With this in mind, the employees of this agency strive to provide our customers (the taxpayers) with the best return on their investment in state government. We aim to be the most efficient office within state government and to deliver to our customers the highest level of service. We measure our success in terms of customer satisfaction and use the feedback that our customers give us.

This agency is excited about the first year results of our Charities Division, as well as the continued success of our other divisions. We are looking forward to the new century and the opportunities it presents for the people of the great state of South Carolina. For further information, please contact me at 803-734-0629.

Sincerely,

Jim Miles

EXECUTIVE SUMMARY

As one of the smaller agencies in state government, the Office of the Secretary of State faces unique challenges in providing its diverse services to the citizens of South Carolina. With the vibrant business activity in the State, the volume of individuals and corporations using our services has increased. Because of the size of the Office and the increase in service, it is highly critical that we continue to use our resources in the most efficient manner possible.

In order to achieve this Office's goal of giving the taxpayers the best return on their investment in state government, the entire agency continues to focus on customer service. We conducted our first customer survey last year, and intend to perform several other customer service related activities this year.

Ranking order for programs listed in this year's accountability report was determined based on scope of the work involved in the corresponding areas, as well as the amount of the annual budget used to support the program. The measure of the annual budget allocated to these programs was determined using the number of full time employees (FTE's) and temporaries employed in the various areas.

Many of the areas in the Office continued to grow this fiscal year, as demonstrated by the increasing number of filings in the various programs. We continue to strive to manage this increased load by making judicious use of technology and training within the office.

MISSION STATEMENT

As set forth by the South Carolina Code of Laws, the Secretary of State is responsible for the statewide registration of corporations, Uniform Commercial Code interests, business opportunities, employment agencies, trademarks, and notaries. The Office handles the incorporation of municipalities and special purpose districts, the annexations of land, and the escheatment of real property in South Carolina. The Secretary of State is also the administrator and regulator of all charitable laws of this State and handles the publication of positions within certain statewide boards and commission.

The mission of the Office of the Secretary of State is simple: **to provide the taxpayer with the best return on their investment in state government.** The Secretary of State's office accomplishes this goal two ways. First, the office strives to provide the most efficient, innovative, and cost effective means of registering, administering, maintaining, and disseminating information to the taxpayers. Second, the office regulates the appropriate areas using the most effective and advanced tools available. Our goal continues to be 100% customer satisfaction.

LEADERSHIP SYSTEM

The Office of the Secretary of State operates with a team-oriented approach under the active leadership of Secretary Miles. The office is divided into divisions based on function. Directors of the various divisions work closely with their teams and the Secretary to ensure that morale stays high and that the flow of communication is unhindered. In addition to morale and communication, the leadership and staff are encouraged to seek continuous improvement through training and technology. The Office of the Secretary of State strives for excellence. Through reinforcing and rewarding excellence, we will continue to provide the taxpayer with the best return on their investment in state government.

CUSTOMER FOCUS AND SATISFACTION

The goal of the Secretary of State's Office is to provide complete customer satisfaction. With this goal in mind, the Office conducted a customer survey last spring to gauge our performance in the area of business filings. The findings can be summarized as follows:

- Over 90% of respondents rated this Office's speed of service, accuracy of service, and courtesy above average.
- 61% expressed interest in utilizing the Internet in filing transactions.
- 92% rated the overall service of the Office as above average.

As a result of this survey, we intend to make the appropriate upgrades to make our services available via the Internet. The Office also began providing our SOS Express Desk in the lobby of the Edgar Brown building.

In the next year, the Office intends to focus on the following customer service initiatives:

- Two customer surveys to elicit feedback with a focus on enhancing customer service.
- An "Open House" for customers of the Office.
- Continuing education of customers on business with the Office.

DESCRIPTION OF PROGRAMS

Program Name: Business Filings

Program Rank: 1

Program Cost: \$978,277.41

Program Goals: Register all businesses organizing or incorporating in South Carolina and qualify all foreign business entities wishing to do business in this State. Business filings include all business entity types, non-profit corporations, and Uniform Commercial Code interests. Provide a knowledgeable, responsive staff adept at handling customer inquiries.

Program Objectives: Make the registration process as efficient and user friendly as possible through the effective use of technology and training.

Performance Measures:

	<u>FY98-99</u>	<u>FY97-98</u>	<u>% Increase (Decrease)</u>
Total Business Filings			
Number of filings	67,513	63,654	6 %
Number of staff	11	12	18 %
Breakdown of Filings			
Corporations (Domestic)	8,381	8,263	1 %
Corporations (Foreign)	3,229	3,137	3 %
Limited Liability Corporations	6,036	4,206	44 %
Non-profit Corporations	1,848	1,650	12 %
Uniform Commercial Code 1	32,119	30,171	6 %
Uniform Commercial Code 3	14,766	14,490	2 %
Miscellaneous	1,134	1,737	(35)%

Program Name: Notaries, Boards, and Commissions

Program Rank: 2

Program Cost: \$152,577.60

Program Goals: Commission all notaries and elected or appointed officials for the State of South Carolina. Provide apostilles and certifications for the same. Issue Bonds for all state and local elected officials who require bonding. Be the custodian of Acts ratified by the General Assembly and of Executive Orders issued by the Governor each year. File all bonds issued by

state boards or commissions such as Public Service Authority Revenue Notes, State Capital Improvement Bonds, and USL Anticipation Notes.

Program Objectives: Carry out duties in the most efficient manner possible, utilizing technology to assist in the mission.

Performance Measures:

	<u>FY98-99</u>	<u>FY97-98</u>	<u>% Increase (Decrease)</u>
Notary Registrations			
Number of new filings	7,847	7,289	8 %
Number of renewals	6,438	5,442	18 %
Duplicates and changes	657	665	(1)%
Total	14,942	12,731	17 %
Boards and Commissions			
Oaths and Commissions	7,000	4,000	75 %
Bonds	120	317	(62)%
Apostiles/Certifications	5,000	2,411	107 %
Total	12,120	6,718	80 %
Executive Orders	59	150	(61)%
Ratified Acts	211	259	(19)%

Program Name: Public Charities

Program Rank: 3

Program Cost: \$458,722.13

Program Goal: Regulate (according to the appropriate statute) charities, professional solicitors, and fundraising counselors doing business in the State.

Program Objectives: Provide the taxpayer with information on charities and protect the consumer from unscrupulous charitable fundraising practices and practitioners.

Performance Measures: Please note that Fiscal Year 1998-99 was the first full year after charities returned to this office from the Attorney General's office.

FY98-99

Total Charity Filings

Number of filings	5,362
Number of staff	5

Breakdown of Filings

Charities (New)	391
Charities (Renewal)	2,832
Professional Solicitors (New)	21
Professional Solicitors (Renewal)	64
Fundraising Counsel (New)	19
Fundraising Counsel (Renewal)	102
Individual Solicitors (New)	788
Individual Solicitors (Renewal)	257
Exempt Organizations (New)	158
Exempt Organizations (Renewal)	730

Administrative Fines	\$140,323.32
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Program Name: Trademarks

Program Rank: 4

Program Cost: \$76,288.80

Program Goals: Register trademarks and service marks that meet the requirements of the South Carolina Trademark and Service Mark statute. Enforce the statute pertaining to marks and investigate complaints regarding misuse of marks.

Program Objectives: Increase public awareness of the benefits of registering trademarks and service marks. Actively investigate and enforce the existing laws in order to protect legitimate holders of intellectual property.

Performance Measures:

Trade and Service Mark Registrations	<u>FY98-99</u>	<u>FY97-98</u>	<u>% Increase (Decrease)</u>
Number of new filings	502	561	(11)%
Number of renewals	47	3	1,466 %
Total	549	564	(3)%

Investigators from the Office of the Secretary of State have conducted several raids resulting in the confiscation of over \$200,000 in counterfeit goods. These raids also generated articles in various newspapers around South Carolina that served to educate the public about trademark laws and the benefits of registering intellectual properties.

Customer of the Business Filings Division are now notified that when they register a corporate name they are not automatically granted trademark protection of the name and must further register with the Division of Trademarks to receive this protection.

Program Name: Business Opportunities

Program Rank: 5

Program Cost: \$76,288.80

Program Goal: Register all non-exempt business opportunities offered in South Carolina on a biannual basis.

Program Objectives: Continue to increase public awareness of the requirement to register business opportunities and increase compliance with the registration requirements. Continue to inform the public of the availability of the direct access system for reviewing business opportunities.

Performance Measures:

Business Opportunity Filings	<u>FY98-99</u>	<u>FY97-98</u>	<u>% Increase (Decrease)</u>
Number of new filings	84	42	100 %
Number of renewals	10	33	(70) %
Total	94	75	25 %

Program Name: Municipalities

Program Rank: 6

Program Cost: \$7,727.82

Program Goal: To issue certificates of incorporation for municipalities.

Program Objectives: Ensure that all requirements of the South Carolina Code of Laws have been met (including the proper procedure for election) and that the results of such elections have been certified under oath before a certificate is issued.

Performance Measures:

	<u>FY98-99</u>	<u>FY97-98</u>	<u>% Increase (Decrease)</u>
Incorporations of municipalities	269	269	0%

Program Name: Special Purpose Districts

Priority: 7

Program Cost: \$7,727.81

Program Goals: Register Special Purpose Districts after they have been approved by the county in which they are located and publish listings twice a year that give locations, registrations, contact numbers, etc. In order to remain active, Special Purpose Districts must renew their registration biannually.

Program Objectives: Efficiently and accurately record registrations of special purpose districts. Contact districts and ask for renewals in order to generate a list of active districts for publication.

Performance Measures:

	<u>FY98-99</u>	<u>FY97-98</u>	<u>% Increase (Decrease)</u>
Registrations:			
Number Inactive	116	116	0%
Number Active	180	173	4%
Total	296	289	2%

Districts were contacted in May for renewals and a list of active districts has been generated.

Program Name: Employment Agencies

Program Rank: 8

Program Cost: \$15,455.63

Program Goal: Register and license all permanent employment agencies doing business in South Carolina. These agencies must renew their licenses bi-annually.

Program Objectives: Confirm registration status of all permanent employment agencies doing business in South Carolina. Monitor the permanent employment industry and increase compliance with regulatory provisions of the enabling statute.

Performance Measures:

Employment Agency Filings	<u>FY98-99</u>	<u>FY97-98</u>	<u>% Increase (Decrease)</u>
Number of new filings	70	114	(39)%
Number of renewals	114	65	75 %
Total	184	179	3 %